

FEB 1952 01-4AA

## CENTRAL INTELLIGENCE AGENCY

CLASSIFICATION

SECRET

**INFORMATION REPORT**

25X1

25X1

COUNTRY China

DATE DISTR. 27 October 1952

SUBJECT Chinese Communist Government Financial System

NO. OF PAGES 1

DATE OF INFO.

25X1

NO. OF ENCL. 5  
(LISTED BELOW)

PLACE ACQUIRED

25X1

SUPPLEMENT TO REPORT NO.

25X1

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

25X1

1. Since the occupation of the mainland the Chinese Communists have adopted a system of finance for the concentration of power in the central government.
2. The financial administration system is arranged so that the Ministry of Finance, through the various levels of the government down to the village level, controls receipts and payments; see Attachment A. The revenue system is shown in Attachments B and D<sup>1</sup>; the system of expenditures is shown in Attachments C and E, of which E is for budgeted expenditures.
3. In order to prevent any areas from being isolated financially, should the Korean war spread to the China mainland, on 29 March 1951 the authorities revised the system so as to enable governments in localities to do as circumstances require. Since then there have been only minor changes in the system.
4. One phase of the system permits the apportionment of some of the revenue between the central government and the governments of the areas, provinces, municipalities, special districts, and hsien. A number of important taxes; such as, the national commodity tax and the regional stamp tax, are subject to apportionment. Apportionment does not follow all-including regulations but is decided after considering conditions which exist in each locality. See Attachment D.<sup>1</sup> There has been a general rise in sur-taxes in cities and other smaller areas.
5. Government revenue and its expenditure is collected and disbursed through committees, bureaus divisions and offices of finance of the Government and of the Areas, Provinces, Municipalities, District Commissioners Offices, Hsien, Cities, and Villages under it.
6. Attachment E shows the system for budgeting expenditures.

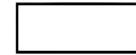
1. [REDACTED] Comment. Attachment D seems to show how revenue is divided between the central and subordinate governments.

CLASSIFICATION

SECRET

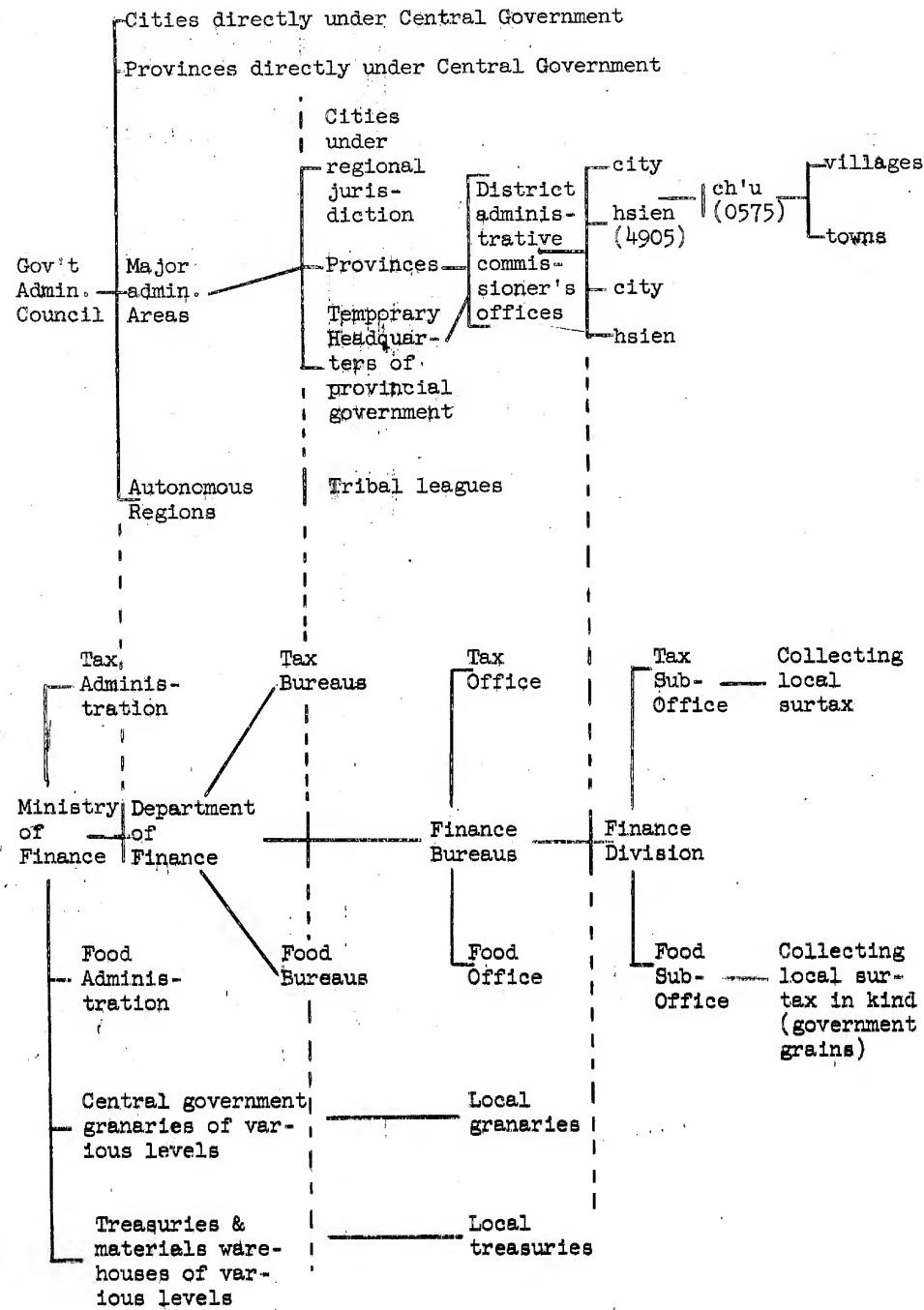
STATE	X	NAVY	X	NSRB		DISTRIBUTION					
						TREAS	X				
ARMY	X	AIR	X	FBI							

SECRET



## ATTACHMENT A

## Financial Administrative System of The Chinese Communist Government

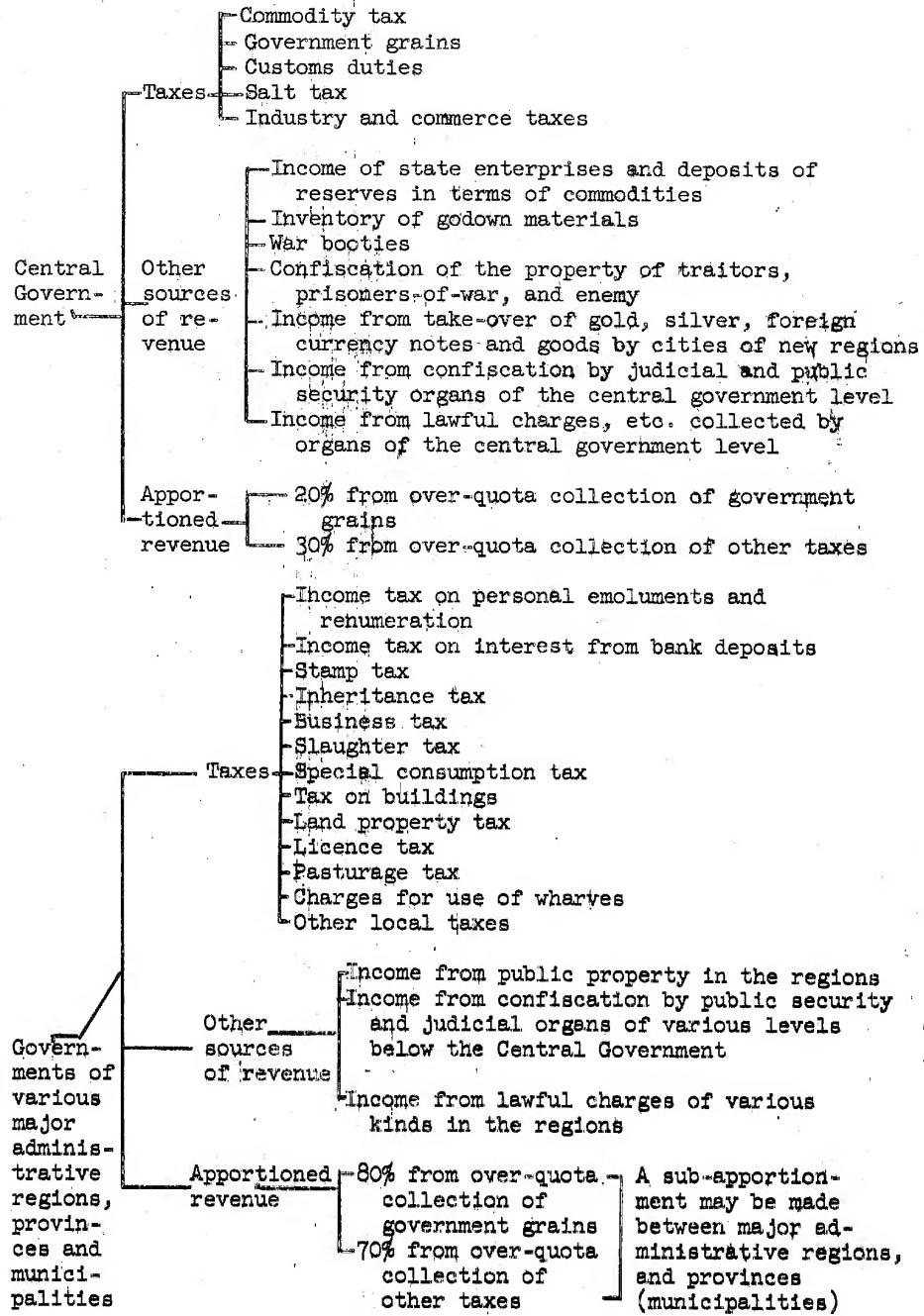


SECRET

SECRET

## ATTACHMENT B

## Collection of Revenue



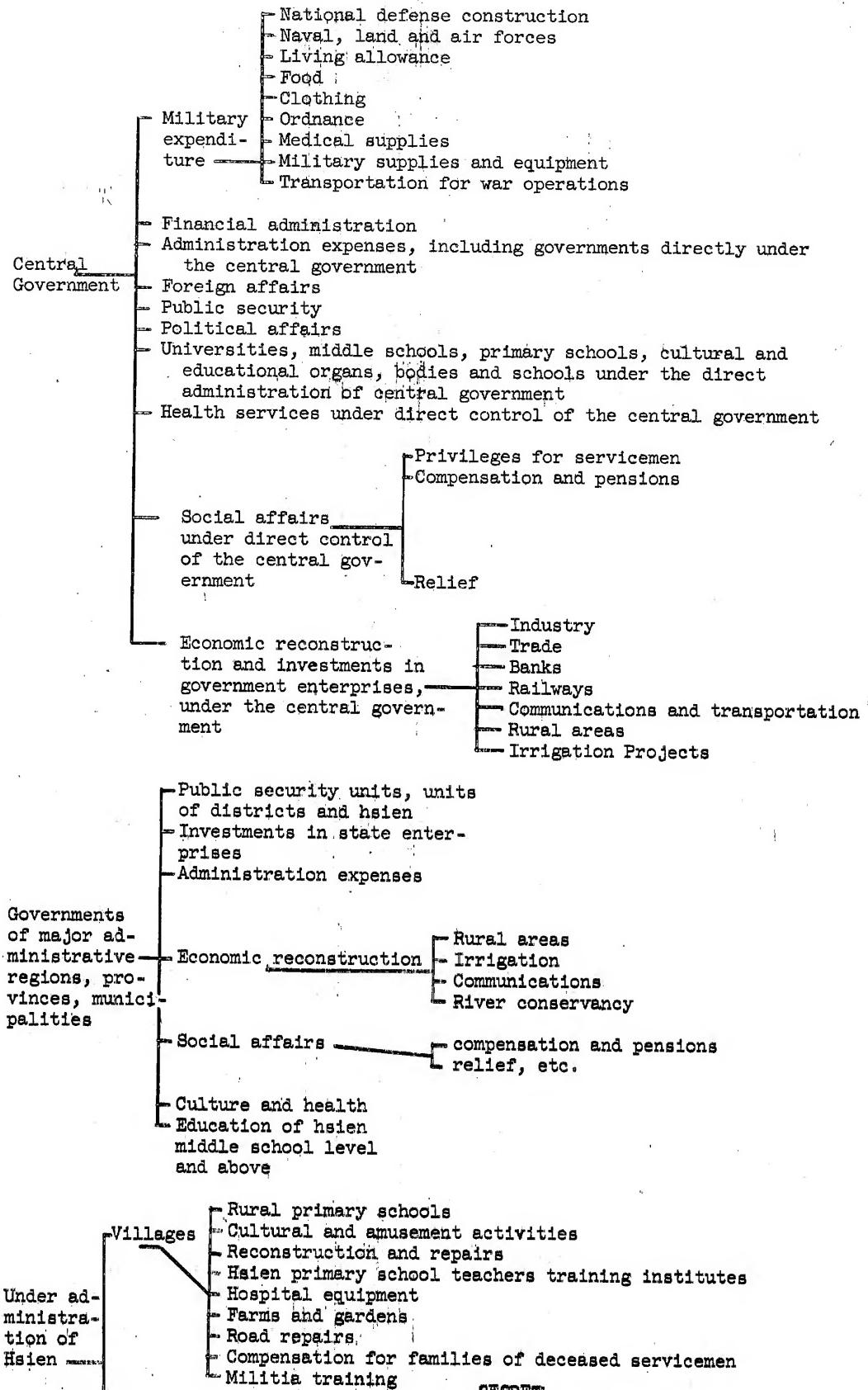
SECRET

SECRET

## ATTACHMENT C

- 1 -

## Expenditure



SECRET

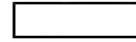
SECRET

- 2 -

ATTACHMENT C

towns

Town administration development  
Education, culture and health in primary schools  
administration and education for the suburbs



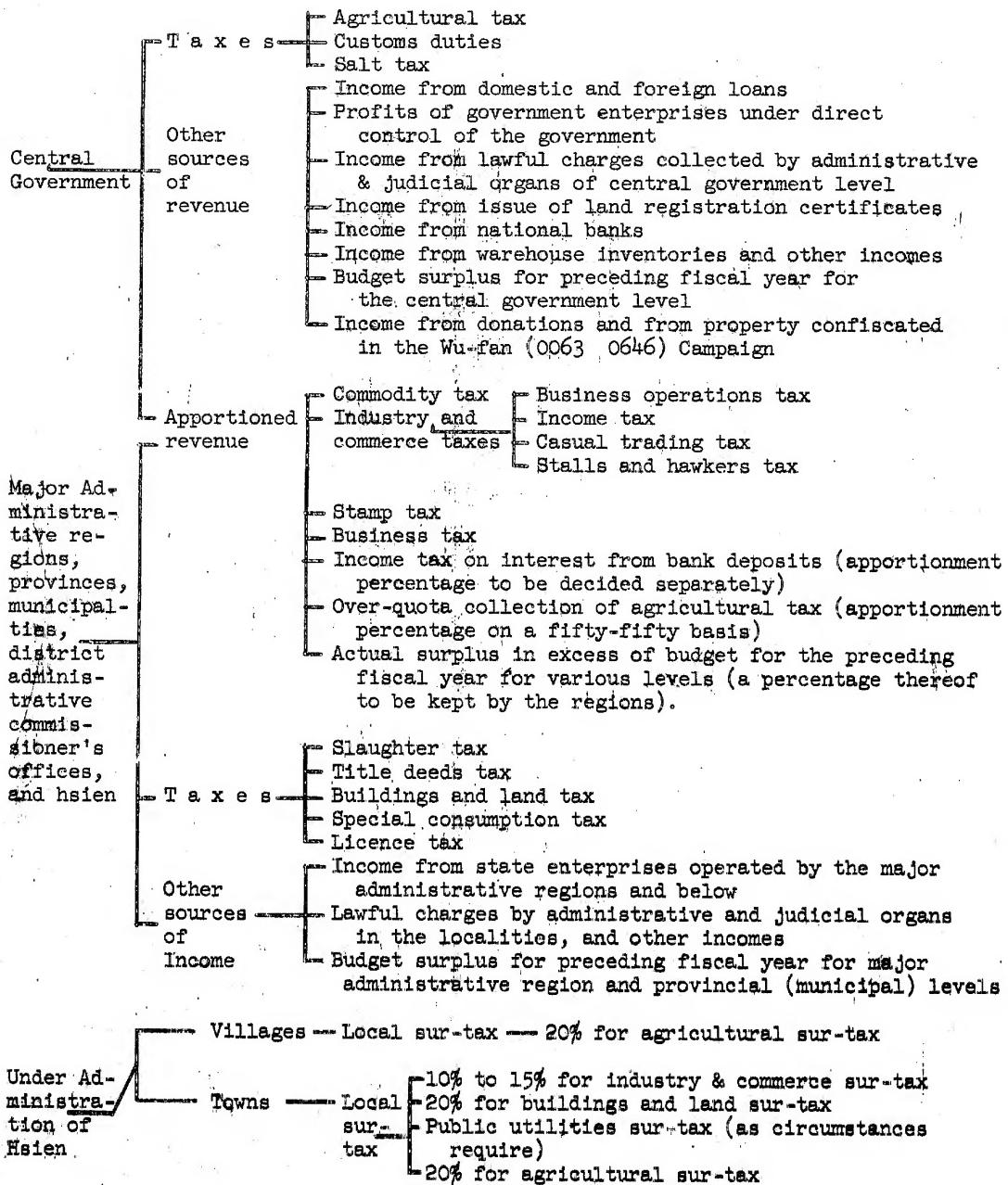
SECRET

SECRET



## ATTACHMENT D

## Revenue



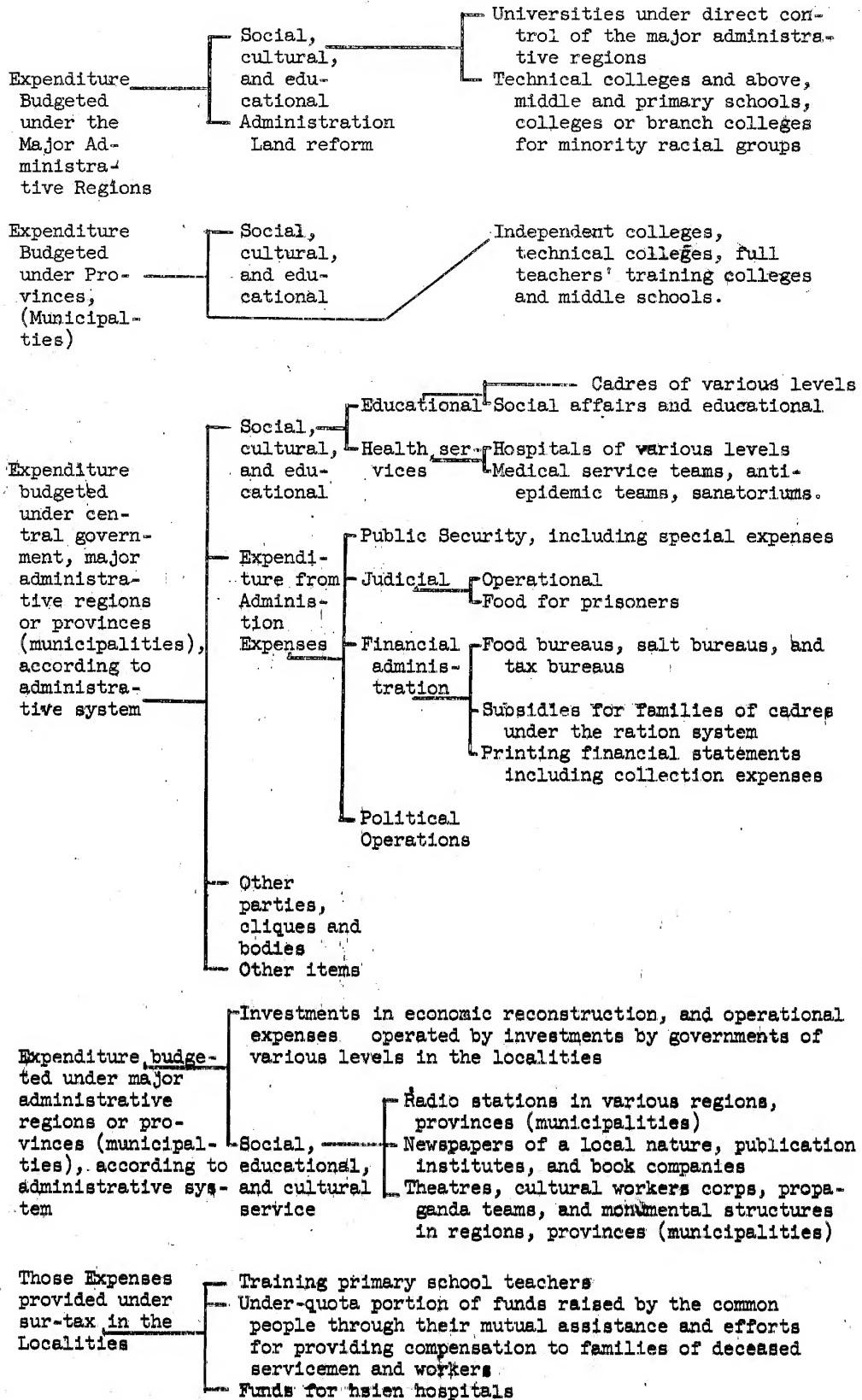
1. [Redacted] Comment. Attachment D seems to show how revenue is divided between the central and subordinate governments.

SECRET

SECRET

## ATTACHMENT E

## System for Budgeting Expenditures



SECRET

## ATTACHMENT E

## Expenditures

Expenditure Budgeted under the Central Government

National defense	Naval, land and air forces National defense reconstruction War operations Production for military industry War operations and support-the-front drives
Investments and expenditure in economic reconstruction	Those operated by and with investments of the central government Those administered by regional authority for the central government with investments of central government.
Educational	Universities, technical colleges and above which are under direct control of the central government Various senior research institutes in sciences under direct control of the central government Middle and primary schools, nationalities colleges or colleges for minority racial groups, or their branch colleges, under direct control of the Central government
Social, cultural and educational	The Central and other radio stations which receive and dispatch international news New China News Agency, and related organizations of various levels Government movie films factories Film distribution company New China Book Co.
Health	Medical Supplies Company Newly-taken-over churches, hospitals and schools Treating wounded and sick officers who were handed over(1951)from the army units to governments of regional level.
Social affairs	Compensation and pensions for disabled soldiers Relief for unemployed workers Relief for famines on a larger scale
Administration	Administration for organs of central government level Foreign affairs Operational
Financial administration	Payment of loans plus interest Stock piling

SECRET